

REFERENCE TITLE: truth in taxation; levy; election.

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1289

Introduced by
Senator Martin; Representative Huffman: Senator Harper

AN ACT

AMENDING SECTIONS 15-1461.01, 41-1276 AND 42-17107, ARIZONA REVISED STATUTES;
RELATING TO PROPERTY TAX LEVIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1461.01, Arizona Revised Statutes, is amended to
3 read:

4 15-1461.01. Truth in taxation: election. notice and hearing:
5 governing board vote on tax increase: definition

6 A. IF A DISTRICT GOVERNING BOARD INTENDS OR ANTICIPATES AN INCREASE IN
7 THE PRIMARY PROPERTY TAX LEVY, THE GOVERNING BOARD MUST RECEIVE APPROVAL BY
8 THE QUALIFIED ELECTORS OF THE DISTRICT AS FOLLOWS:

9 1. THE GOVERNING BOARD MUST SUBMIT THE ISSUE OF LEVYING INCREASED
10 PRIMARY PROPERTY TAXES TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE
11 THIRD TUESDAY IN MAY IN AN ODD-NUMBERED YEAR.

12 2. THE GOVERNING BOARD SHALL PREPARE AND PRINT A PUBLICITY PAMPHLET
13 CONCERNING THE BALLOT QUESTION AND MAIL ONE COPY OF THE PAMPHLET TO EACH
14 HOUSEHOLD CONTAINING A REGISTERED VOTER IN THE DISTRICT. THE MAILINGS MAY BE
15 MADE OVER A PERIOD OF DAYS BUT MUST BE MAILED FOR DELIVERY BEFORE THE
16 EARLIEST DATE REGISTERED VOTERS MAY RECEIVE EARLY BALLOTS FOR THE ELECTION.
17 THE PUBLICITY PAMPHLET MUST CONTAIN:

18 (a) A SUMMARY OF THE ISSUE PRESENTED TO THE VOTERS, INCLUDING THE
19 REASON OR REASONS FOR THE ANTICIPATED INCREASE IN THE TAX LEVY, THE TAX YEAR
20 OR YEARS OF THE INCREASED LEVY, THE ESTIMATED AMOUNT OF THE INCREASED LEVY
21 FOR EACH TAX YEAR, THE ESTIMATED TAX RATE OF THE DISTRICT IN EACH TAX YEAR
22 AND THE ESTIMATED TAX INCREASE ON A \$100,000 HOME IN EACH TAX YEAR.

23 (b) A STATEMENT DESCRIBING THE PURPOSES FOR WHICH THE INCREASED TAX
24 REVENUES WILL BE USED.

25 (c) THE FORM OF THE BALLOT.

26 (d) ANY ARGUMENTS FOR OR AGAINST THE BALLOT MEASURE, RECEIVED,
27 ACKNOWLEDGED AND PRINTED AS FOLLOWS:

28 (i) AT LEAST ONE HUNDRED TWENTY DAYS BEFORE THE ELECTION, A PERSON MAY
29 FILE WITH THE DISTRICT AN ARGUMENT, NOT MORE THAN THREE HUNDRED WORDS IN
30 LENGTH, ADVOCATING OR OPPOSING THE BALLOT MEASURE. THE PERSON WHO FILES THE
31 ARGUMENT SHALL ALSO PAY TO THE DISTRICT A PUBLICATION FEE PRESCRIBED BY THE
32 GOVERNING BOARD.

33 (ii) IF THE ARGUMENT IS SPONSORED BY ONE OR MORE INDIVIDUALS, THE
34 ARGUMENT MUST BE SIGNED BY EACH SPONSORING INDIVIDUAL. IF THE ARGUMENT IS
35 SPONSORED BY ONE OR MORE ORGANIZATIONS, THE ARGUMENT MUST BE SIGNED BY TWO
36 EXECUTIVE OFFICERS OF EACH ORGANIZATION. IF THE ARGUMENT IS SPONSORED BY ONE
37 OR MORE POLITICAL COMMITTEES, THE ARGUMENT MUST BE SIGNED BY EACH COMMITTEE'S
38 CHAIRPERSON OR TREASURER. PAYMENT OF THE FEE REQUIRED BY THIS SUBDIVISION,
39 OR REIMBURSEMENT OF THE PAYOR, CONSTITUTES SPONSORSHIP OF THE ARGUMENT. THE
40 NAMES OF PERSONS WHO HAVE SIGNED ARGUMENTS AND THE NAMES OF SPONSORING
41 ORGANIZATIONS SHALL APPEAR WITH THE ARGUMENT IN THE PAMPHLET. THE PERSON OR
42 PERSONS SIGNING THE ARGUMENT SHALL ALSO GIVE THEIR RESIDENCE OR POST OFFICE
43 ADDRESS AND A TELEPHONE NUMBER, WHICH SHALL NOT APPEAR IN THE PAMPHLET.

(iii) AFFIRMATIVE ARGUMENTS, ARRANGED IN THE ORDER IN WHICH THE DISTRICT RECEIVED THEM, SHALL BE PLACED BEFORE THE NEGATIVE ARGUMENTS, ALSO ARRANGED IN THE ORDER IN WHICH THEY WERE RECEIVED.

3. THE ISSUE SHALL BE PRESENTED ON THE BALLOT AS FOLLOWS: "MAY THE _____ COMMUNITY COLLEGE DISTRICT RAISE ITS PRIMARY PROPERTY TAXES FOR THE ____ [AND ____] TAX YEAR[S] AS PROVIDED BY THE ARIZONA TRUTH IN TAXATION LAWS? _____ YES _____ NO"

4. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE:

(a) APPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BOARD MAY INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER OR BOTH OF THE CURRENT AND IMMEDIATELY FOLLOWING TAX YEARS IN THE MANNER PRESCRIBED BY THIS SECTION AND CONSISTENT WITH THE PROPOSITION DESCRIBED FOR THE PURPOSES OF THE ELECTION.

(b) DISAPPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BOARD SHALL NOT INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER THE CURRENT OR THE IMMEDIATELY FOLLOWING TAX YEAR.

~~A.~~ B. On or before February 10 of the tax year, the county assessor shall transmit and certify to the property tax oversight commission and to the district governing board the total net primary assessed values that are required to compute the levy limit prescribed by section 42-17051. IF AUTHORIZED BY THE QUALIFIED ELECTORS, AND if the proposed primary property tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied in the preceding tax year by the district:

1. The district governing board shall publish a notice that meets the following requirements:

(a) The notice shall be published twice in a newspaper of general circulation in the district. The first publication shall be at least fourteen but not more than twenty days before the date of the hearing. The second publication shall be at least seven but not more than ten days before the date of the hearing.

(b) The notice shall be published in a location other than the classified or legal advertising section of the newspaper in which it is published.

(c) The notice shall be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width.

(d) The notice shall be in the following form, with the "truth in taxation hearing - notice of tax increase" headline in at least eighteen point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 15-1461.01, Arizona Revised Statutes, _____ community college district is notifying its property taxpayers of _____ community college district's intention to raise its primary property taxes over last year's level. The _____ community college district is proposing an increase in primary property taxes of \$_____ or ____%.

For example, the proposed tax increase will cause _____ community college district's primary property taxes on a \$100,000 home to increase from \$_____ (total taxes that would be owed without the proposed tax increase) to \$_____ (total proposed taxes including the tax increase).

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held _____ (date and time) at _____ (location).

2. In lieu of publishing the truth in taxation notice, the district board may mail the truth in taxation notice prescribed by paragraph 1, subdivision (d) **OF THIS SUBSECTION** to all registered voters in the district at least ten but not more than twenty days before the date of the hearing.

3. In addition to publishing the truth in taxation notice under paragraph 1 **OF THIS SUBSECTION** or mailing the notice under paragraph 2 **OF THIS SUBSECTION**, the district governing board shall issue a press release containing the truth in taxation notice to all newspapers of general circulation in the district.

4. The district board shall consider a motion to levy the increased property taxes by roll call vote.

5. Within three days after the hearing, the district board shall mail a copy of the truth in taxation notice, a statement of its publication or mailing and the result of the district board's vote under paragraph 4 **OF THIS SUBSECTION** to the property tax oversight commission established by section 42-17002.

6. The district board shall hold the truth in taxation hearing on or before the adoption of the county, city or town budget under section 42-17105.

~~B.~~ **C. IF THE QUALIFIED ELECTORS DISAPPROVE AN INCREASED PRIMARY PROPERTY TAX LEVY OR** if the governing board fails to comply with the requirements of this section, the governing board shall not fix, levy or assess an amount of primary property taxes that exceeds the preceding year's amount, except for amounts attributable to new construction.

~~C.~~ **D. For THE** purposes of this section, "amount attributable to new construction" means the net assessed valuation of property added to the tax roll since the previous year multiplied by a property tax rate computed by dividing the district's primary property tax levy in the preceding year by the estimate of the district's total net assessed valuation for the current year, excluding the net assessed valuation attributable to new construction.

Sec. 2. Section 41-1276, Arizona Revised Statutes, is amended to read:

41-1276. Truth in taxation levy for equalization assistance to school districts

A. On or before February 15 of each year, the joint legislative budget committee shall compute and transmit the truth in taxation rates for equalization assistance for school districts for the following fiscal year to:

1. The chairmen of the house of representatives ways and means committee and the senate finance committee or their successor committees.

2. The chairmen of the appropriations committees of the senate and the house of representatives or their successor committees.

B. The truth in taxation rates consist of the qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax rate for a unified district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects pursuant to section 15-971, subsection B, paragraph 2 and a county equalization assistance for education tax rate pursuant to section 15-994 that will offset the change in net assessed valuation of property that was subject to tax in the prior year.

C. The joint legislative budget committee shall compute the truth in taxation rates as follows:

1. Determine the statewide primary net assessed value for the preceding tax year as provided in section 42-17151, subsection A, paragraph 3.

2. Determine the statewide primary net assessed value for the current tax year, excluding the net assessed value of property that was not subject to tax in the preceding year.

3. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 2 of this subsection.

4. Adjust the qualifying tax rates and the county equalization assistance for education tax rate for the current fiscal year by the percentage determined in paragraph 3 of this subsection in order to offset the change in net assessed value.

D. Except as provided in subsections E and G of this section, the qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects, the qualifying tax rate for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects and the county equalization assistance for education tax rate for the following fiscal year shall be the rate determined by the joint legislative budget committee pursuant to subsection C of this section. The committee

1 shall transmit the rates to the superintendent of public instruction and the
2 county boards of supervisors by March 15 each year.

3 E. If the legislature proposes either qualifying tax rates or a county
4 equalization assistance for education tax rate that exceeds the truth in
5 taxation rate:

6 1. The house of representatives ways and means committee and the
7 senate finance committee or their successor committees shall hold a joint
8 hearing on or before February 28 and publish a notice of a truth in taxation
9 hearing that meets the following requirements:

10 (a) The notice shall be published twice in a newspaper of general
11 circulation in this state that is published at the state capital. The first
12 publication shall be at least fourteen but not more than twenty days before
13 the date of the hearing. The second publication shall be at least seven but
14 not more than ten days before the date of the hearing.

15 (b) The notice shall be published in a location other than the
16 classified or legal advertising section of the newspaper.

17 (c) The notice shall be at least one-fourth page in size and shall be
18 surrounded by a solid black border at least one-eighth inch in width.

19 (d) The notice shall be in the following form, with the "truth in
20 taxation hearing - notice of tax increase" headline in at least eighteen
21 point type:

22 Truth in Taxation Hearing

23 Notice of Tax Increase

24 In compliance with section 41-1276, Arizona Revised
25 Statutes, the state legislature is notifying property taxpayers
26 in Arizona of the legislature's intention to raise the property
27 tax levy over last year's level.

28 The proposed tax increase will cause the taxes on a
29 \$100,000 home to increase by \$_____.

30 All interested citizens are invited to attend a public
31 hearing on the tax increase that is scheduled to be held
32 _____ (date and time) at _____ (location).

33 (e) For purposes of computing the tax increase on a one hundred
34 thousand dollar home as required by the notice, the joint meeting of the
35 house of representatives ways and means committee and the senate finance
36 committee or their successor committees shall consider the difference between
37 the truth in taxation rate and the proposed increased rate.

38 2. The joint meeting of the house of representatives ways and means
39 committee and the senate finance committee or their successor committees
40 shall consider any motion to recommend the proposed tax rates to the full
41 legislature by roll call vote.

42 F. In addition to publishing the truth in taxation notice under
43 subsection E, paragraph 1 of this section, the joint meeting of the house of
44 representatives ways and means committee and the senate finance committee or

1 their successor committees shall issue a press release containing the truth
2 in taxation notice.

3 G. Notwithstanding any other law, the legislature shall not adopt a
4 state budget that provides for either qualifying tax rates pursuant to
5 section 15-971 or a county equalization assistance for education tax rate
6 pursuant to section 15-994 that exceeds the truth in taxation rates computed
7 pursuant to subsection A of this section unless the rates are adopted by a
8 concurrent resolution approved by an affirmative roll call vote of two-thirds
9 of the members of each house of the legislature before the legislature enacts
10 the general appropriations bill. If the resolution is not approved by
11 two-thirds of the members of each house of the legislature, the rates for the
12 following fiscal year shall be the truth in taxation rates determined
13 pursuant to subsection C of this section and shall be transmitted to the
14 superintendent of public instruction and the county boards of supervisors.

15 H. Notwithstanding subsection C of this section and if approved by the
16 qualified electors voting at a statewide general election, the legislature
17 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
18 school district or \$4.253 for a unified school district. The legislature
19 shall not set a county equalization assistance for education rate that
20 exceeds \$0.5123.

21 I. Pursuant to subsection C of this section, the qualifying tax rate
22 in fiscal year ~~2006~~ 2005-2006 for a common or high school district is \$1.8090
23 and for a unified school district is \$3.6180. The county equalization
24 assistance for education rate in fiscal year ~~2006~~ 2006-2007 is ~~\$0.4358~~ \$____.

25 Sec. 3. Section 42-17107, Arizona Revised Statutes, is amended to
26 read:

27 42-17107. Truth in taxation: election, notice and hearing: vote
28 on tax increase: definition

29 A. IF THE GOVERNING BODY OF A COUNTY, CITY OR TOWN INTENDS OR
30 ANTICIPATES AN INCREASE IN THE PRIMARY PROPERTY TAX LEVY, THE GOVERNING BODY
31 MUST RECEIVE APPROVAL BY THE QUALIFIED ELECTORS OF THE DISTRICT AS FOLLOWS:

32 1. THE GOVERNING BODY MUST SUBMIT THE ISSUE OF LEVYING INCREASED
33 PRIMARY PROPERTY TAXES TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE
34 THIRD TUESDAY IN MAY IN AN ODD-NUMBERED YEAR.

35 2. THE GOVERNING BODY SHALL PREPARE AND PRINT A PUBLICITY PAMPHLET
36 CONCERNING THE BALLOT QUESTION AND MAIL ONE COPY OF THE PAMPHLET TO EACH
37 HOUSEHOLD CONTAINING A REGISTERED VOTER IN THE COUNTY, CITY OR TOWN. THE
38 MAILINGS MAY BE MADE OVER A PERIOD OF DAYS BUT MUST BE MAILED FOR DELIVERY
39 BEFORE THE EARLIEST DATE REGISTERED VOTERS MAY RECEIVE EARLY BALLOTS FOR THE
40 ELECTION. THE PUBLICITY PAMPHLET MUST CONTAIN:

41 (a) A SUMMARY OF THE ISSUE PRESENTED TO THE VOTERS, INCLUDING THE
42 REASON OR REASONS FOR THE ANTICIPATED INCREASE IN THE TAX LEVY, THE TAX YEAR
43 OR YEARS OF THE INCREASED LEVY, THE ESTIMATED AMOUNT OF THE INCREASED LEVY
44 FOR EACH TAX YEAR, THE ESTIMATED TAX RATE OF THE COUNTY, CITY OR TOWN IN EACH
45 TAX YEAR AND THE ESTIMATED TAX INCREASE ON A \$100,000 HOME IN EACH TAX YEAR.

(b) A STATEMENT DESCRIBING THE PURPOSES FOR WHICH THE INCREASED TAX REVENUES WILL BE USED.

(c) THE FORM OF THE BALLOT.

(d) ANY ARGUMENTS FOR OR AGAINST THE BALLOT MEASURE, RECEIVED, ACKNOWLEDGED AND PRINTED AS FOLLOWS:

(i) AT LEAST ONE HUNDRED TWENTY DAYS BEFORE THE ELECTION, A PERSON MAY FILE WITH THE ELECTIONS OFFICER OF THE COUNTY, CITY OR TOWN AN ARGUMENT, NOT MORE THAN THREE HUNDRED WORDS IN LENGTH, ADVOCATING OR OPPOSING THE BALLOT MEASURE. THE PERSON WHO FILES THE ARGUMENT SHALL ALSO PAY A PUBLICATION FEE PRESCRIBED BY THE GOVERNING BODY.

(ii) IF THE ARGUMENT IS SPONSORED BY ONE OR MORE INDIVIDUALS, THE ARGUMENT MUST BE SIGNED BY EACH SPONSORING INDIVIDUAL. IF THE ARGUMENT IS SPONSORED BY ONE OR MORE ORGANIZATIONS, THE ARGUMENT MUST BE SIGNED BY TWO EXECUTIVE OFFICERS OF EACH ORGANIZATION. IF THE ARGUMENT IS SPONSORED BY ONE OR MORE POLITICAL COMMITTEES, THE ARGUMENT MUST BE SIGNED BY EACH COMMITTEE'S CHAIRPERSON OR TREASURER. PAYMENT OF THE FEE REQUIRED BY THIS SUBDIVISION, OR REIMBURSEMENT OF THE PAYOR, CONSTITUTES SPONSORSHIP OF THE ARGUMENT. THE NAMES OF PERSONS WHO HAVE SIGNED ARGUMENTS AND THE NAMES OF SPONSORING ORGANIZATIONS SHALL APPEAR WITH THE ARGUMENT IN THE PAMPHLET. THE PERSON OR PERSONS SIGNING THE ARGUMENT SHALL ALSO GIVE THEIR RESIDENCE OR POST OFFICE ADDRESS AND A TELEPHONE NUMBER, WHICH SHALL NOT APPEAR IN THE PAMPHLET.

(iii) AFFIRMATIVE ARGUMENTS, ARRANGED IN THE ORDER IN WHICH THE COUNTY, CITY OR TOWN RECEIVED THEM, SHALL BE PLACED BEFORE THE NEGATIVE ARGUMENTS, ALSO ARRANGED IN THE ORDER IN WHICH THEY WERE RECEIVED.

3. THE ISSUE SHALL BE PRESENTED ON THE BALLOT AS FOLLOWS: "MAY [COUNTY, CITY, TOWN] RAISE ITS PRIMARY PROPERTY TAXES FOR THE [AND] TAX YEAR[S] AS PROVIDED BY THE ARIZONA TRUTH IN TAXATION LAWS? YES NO".

4. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE:

(a) APPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BODY MAY INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER OR BOTH OF THE CURRENT AND IMMEDIATELY FOLLOWING TAX YEARS IN THE MANNER PRESCRIBED BY THIS SECTION AND CONSISTENT WITH THE PROPOSITION DESCRIBED FOR THE PURPOSES OF THE ELECTION.

(b) DISAPPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BODY SHALL NOT INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER THE CURRENT OR THE IMMEDIATELY FOLLOWING TAX YEAR.

~~A.~~ B. On or before February 10 of the tax year, the county assessor shall transmit and certify to the property tax oversight commission and to the governing body of the county, city or town the total net primary assessed values that are required to compute the levy limit prescribed by section 42-17051. IF AUTHORIZED BY THE QUALIFIED ELECTORS, AND if the proposed primary property tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied by the county, city or town in the preceding tax year in the county, city or town:

(b) The notice shall be published in a location other than the classified or legal advertising section of the newspaper in which it is published.

(d) The notice shall be in the following form, with the "truth in taxation hearing-notice of tax increase" headline in at least eighteen point type:

Notice of Tax Increase

For example, the proposed tax increase will cause _____'s (name of county, city or town) primary property taxes on a \$100,000 home to increase from \$_____ (total taxes that would be owed without the proposed tax increase) to \$_____ (total proposed taxes including the tax increase).

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held _____ (date and time) at _____ (location).

3. In addition to publishing the truth in taxation notice under paragraph 1 OF THIS SUBSECTION or mailing the notice under paragraph 2 OF

1 THIS SUBSECTION, the governing body shall issue a press release containing
2 the truth in taxation notice.

3 4. The governing body shall consider a motion to levy the increased
4 property taxes by roll call vote.

5 5. Within three days after the hearing, the governing body shall mail
6 a copy of the truth in taxation notice, a statement of its publication or
7 mailing and the result of the governing body's vote under paragraph 4 to the
8 property tax oversight commission.

9 6. The governing body shall hold the truth in taxation hearing on or
10 before the adoption of the county, city or town budget under section
11 42-17105.

12 ~~B.~~ C. IF THE QUALIFIED ELECTORS DISAPPROVE AN INCREASED PRIMARY
13 PROPERTY TAX LEVY OR if the governing body fails to comply with the
14 requirements of this section, the governing body shall not fix, levy or
15 assess an amount of primary property taxes that exceeds the preceding year's
16 amount, except for amounts attributable to new construction.

17 ~~C.~~ D. For the purposes of this section, "amount attributable to new
18 construction" means the net assessed valuation of property added to the tax
19 roll since the previous year multiplied by a property tax rate computed by
20 dividing the primary property tax levy of the county, city or town in the
21 preceding year by the estimate of the total net assessed valuation of the
22 county, city or town for the current year, excluding the net assessed
23 valuation attributable to new construction.

24 Sec. 4. 2006 primary property tax levies; counties, cities,
25 towns and community college districts

26 Notwithstanding sections 15-1461 and 42-17107, Arizona Revised
27 Statutes, as amended by this act, for tax year 2006, a county, city, town or
28 community college district shall not fix, levy or assess an amount of primary
29 property taxes that exceeds the amount levied in the 2005 tax year, excluding
30 amounts that are attributable to new construction.